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NOTES

THE SECOND NATIONAL TARIFF COMMISSION CONVENTION

The convention of the National Tariff Commission Association held in Washington, D.C., January 11 and 12, 1911, was a gathering of practically the same forces that met at Indianapolis, February 16, 17, and 18, 1909.¹

To carry into effect the resolutions adopted at the meeting of two years ago, a committee of one hundred was appointed with a view to a permanent organization, and out of this has arisen the "National Tariff Commission Association." It may be remarked in passing that the vigor with which this agitation has been kept up is due in large part to the National Association of Manufacturers. In reality the work of a committee of this latter body grew so great that a new association had to be formed to take charge of it, and under the auspices of the new group this meeting was held.

There was a considerable difference between the tone of the discussions at Washington and at Indianapolis. Two years ago the sessions were spent in dwelling on the evils inherent in the regular way of framing tariff legislation; the complexity of the problem; the study demanded; the brevity of the time available; the inexperience of the committees in charge of the work; the log-rolling and trading by local interests, and other patently vicious practices. The speakers this year did not neglect these topics, but there was more evidence of hopeful anticipation regarding the prospect of success in securing the adoption of the proposed plan. Since the former meeting the country has passed through another tariff revision, commonly believed to have been out of harmony with what the people had been promised. Then, in addition, a climax in an era of high prices, due to various causes, led to heaping more odium on the old-fashioned way of making tariffs. These conditions have given force to the agitation for the commission plan of constructing schedules beyond what might have been hoped for even from this association's energetic propaganda

¹ See *Journal of Political Economy*, April, 1909.

had the times been those of contentment and normal prices. A great number of state political platforms have indorsed the proposed scheme; though in three states (Minnesota, South Dakota, and Wisconsin) the Democratic party denounced the proposal as a subterfuge of the Republicans who were trying to avoid real revision.

Notwithstanding the evident effect of the public opinion supporting the association's efforts, little was said directly regarding the welfare of the ultimate consumer. Perhaps this was assumed to be secured by a more equitable distribution of protection among the producers.

President Taft, at a reception in the White House and at the dinner of the association, expressed his interest in the reform and already has exerted his influence through the formation of the existing Tariff Board.

Professor Emery, chairman of the Tariff Board, made the opening address of the convention. He explained that the existing board was not created by statute but by the President and was dependent on him for its existence, and was receiving from him whole-hearted support. Chairman Emery thinks that, in spite of the difficulties and obstacles frequently indicated, it is possible to get the facts in adequate degree; that investigating and reporting should be the function of the commission; and that it should be a permanent and continuing source of accurate information. There seemed to be a feeling that the character of the work done by the present board has strengthened the proposal for a commission by reassuring the apprehensive that no rash leap in the dark is to be made. One critic, however, thought it ominous that the board has been confining itself to an investigation of comparatively harmless schedules and leaving the notorious and odious sections for later consideration.

Most of the speakers were optimistic about the possibility of ascertaining the facts as to the costs of production at home and abroad with a view to adjusting the schedules on the much-discussed principle of equalizing the two by raising or lowering rates. There were some warnings about not overworking the theory or expecting too much from it. The better opinion seems to be that only approximations to costs will be obtained, though these may be fairly satisfactory. The question, "What costs will be ascertained as the basis, English, French or German?" illus-

trates one of the difficulties involved. At the same time it is to be expected that the general situations can be compared in a more intelligent way than before and more satisfactory results secured.

As a qualification to the notion that knowledge is power in tariff-making came the warning that not all the sins of schedule-fixing are due to ignorance. The conflict of local interests will still find expression in political struggles and only the over-credulous are likely to believe that more exact and complete information will "take the tariff out of politics." Yet one hopeful advocate declared that the American business man, while eager for gains, will play the game fairly and according to the rules. If, then, a rule for tariff-making were adopted and generally insisted upon, the majority of men affected would not bring pressure on their congressmen for improper concessions. The former situation in regard to railways was cited, when everyone was looking for rebates. Since the Interstate Commerce Commission has been formed and definite laws enacted and, in general, enforced, shippers as a class do not seek to obtain the discriminations they formerly schemed for. Moreover, who would wish to go back to the earlier practice? While the matter might thus be taken out of "politics" in the bad sense, others insisted that, in the proper sense, the tariff will remain a subject of controversy between free traders and protectionists of different varieties, and that the information furnished by the commission will raise the level of these debates by furnishing them with a basis of facts.

The information secured, it was variously suggested, should be available for Congress, or either House, or the President. Going beyond this was the idea that it be offered freely to the public with a view to furthering an intelligent public opinion on tariff problems. It was generally conceded that the details of any particular business need not be revealed when information relating to the state of an industry was given publicly in any degree.

Beyond furnishing information, there were a few who wished the commission to have power to make recommendations. These would be subject to acceptance or rejection by Congress, and the dignity of that body need not be affected. Some strict constructionists, however, saw a constitutional difficulty in a proposal to allow revenue bills to be originated elsewhere than in the House of Representatives.

Entire unanimity marked the demand for expert, non-partisan, continuous work by the proposed body. It should, year in and year out, study conditions that affect the tariff and, as a permanent organization, gather such information as would enable it, at any time, to furnish desired knowledge in its field. It is in no sense the intention that the commission should make a study preparatory to a revision of the tariff, furnish the information to Congress, and then retire. The body proposed is to be as definitely established and as uninterrupted in its work as the Interstate Commerce Commission. The efficiency of similar commissions in foreign countries is attributed to their study for long periods of all sides of the matters involved.

Our past practice of enduring a tariff as long as we could and revising it whenever we must, at irregular intervals, with results demoralizing to business, has fallen into disrepute with the men behind this movement. The idea of revision by schedule or by subject meets their approval and the information furnished by the commission is to be used for this purpose. The tariff is to be kept up to date by changes to meet changing conditions. The fear of economic disturbances inherited from the old methods of revision will disappear under the new. With a tariff made right to begin with, it is asserted, and revised as circumstances alter, there will be no need for variations great enough to jar trade and manufacture. The new tariff rates would be no more likely to shut down factories than are slight modifications of freight rates at present.

The extent of the authority to be given the commission to enable it to secure the facts was discussed in many addresses. Some thought it should have inquisitorial powers to send for persons and papers and examine witnesses under oath. This, of course, would apply only to ascertainment of conditions in this country. Others seemed to think that concerns asking for protection would not dare refuse information upon request, and that enough data could be secured from voluntary sources. The refusal on the part of some individuals or companies would not prevent getting an acquaintance with the general situation from others and applying the knowledge to the industry as a whole. The conclusion was that the commission must have teeth if it is to be effective. It should have authority to get the essential facts.

The idea that the protective policy suffers because of certain

indefensible schedules brought out the declaration that the "best protection to protection is free trade in facts." It was suggested that the recent reversals suffered by the Republican party might have been avoided if the tariff revision had been conducted on the basis of the commission plan. There is a feeling in the country that certain schedules were dictated by favored interests. Either this is true or it is not true, and the sooner it is found out the better for every concern that is above board.

The essence of the resolutions adopted is as follows:

We demand from the Sixty-first Congress, now convened in its final session, the enactment of a bill creating a permanent non-partisan tariff commission having functions and compensations analogous to those enjoyed by the interstate commerce commission, including the power to require the giving of testimony under proper conditions and safeguards, and for proper purposes, the functions of the commission being the ascertainment of all technical, industrial and statistical facts necessary or useful to Congress in the framing of tariff legislation and to the executive in the administration of tariff laws, the commission to report the results of its work and findings to either Congress or the President, as called for.

Indorsement was given to the proposal of President Taft that hereafter the work of tariff revision, whenever required, shall be accomplished, schedule by schedule, or preferably one subject at a time, each subject to be so defined that items that are interrelated shall be grouped together, rather than by the sweeping revision of the entire tariff, to the end that revision may be accomplished in a more orderly, accurate, scientific and impartial manner, and without disturbance of business inevitable to a general tariff revision

C. C. ARBUTHNOT

WESTERN RESERVE UNIVERSITY

WASHINGTON NOTES

THE CANADIAN RECIPROCITY TREATY

A NEW COMMERCIAL POLICY

RAILWAY SECURITIES INQUIRIES

IMPORTANT TREASURY PROPOSALS

Probably the most important event of the winter from the standpoint of federal legislation has been the action of President Taft in sending to Congress a draft of a reciprocity treaty with Canada. This was transmitted on January 26 (Senate doc. 787,